



ENERGY UPDATE

ROD GRAMS

UNITED STATES SENATOR ■ MINNESOTA

United States Senate

WASHINGTON, DC 20510-2304

Dear Friends:

As a Member of Congress, I've been a strong advocate of a consumer-friendly energy industry that works to promote domestically produced renewable energy. One of my biggest concerns is that our nation has grown even more dependent upon foreign sources of energy, yet the Department of Energy, (DOE), continues to ignore its core mission of increasing domestic energy sources.

The issues and initiatives you'll find in this newsletter represent a small portion of the matters we're addressing in the United States Senate. They are issues that I believe help advance the energy interests of the United States, the commitment to renewable energy we have in Minnesota, and the needs of energy consumers in the marketplace. They are also issues and initiatives that further my belief that we can protect the environment and at the same time establish a healthy business climate for our economy.

I encourage you to contact my office at any time with your thoughts and concerns about these or other matters. I often say that Minnesotans are the true experts on the issues, and I rely upon you for guidance in the United States Senate.

Sincerely,

Rod Grams

United States Senator

Renewable Energy Programs:

As a member of the Senate Renewables and Efficiency Caucus, I recently joined a number of my Senate colleagues in seeking additional money for renewable energy programs in next year's Energy Department funding bill. Our letter requested significant increases for solar, wind, biomass, hydrogen, geothermal and hydropower research and development programs. Minnesota is home to many of these technologies, especially with the growth of wind generation in the western part of our state. With gasoline prices reaching their highest level in decades and our reliance on foreign oil on the rise, investment in renewable energy research and development has never been more appropriate. We must continue to invest in renewable energy programs because of their value to rural Minnesota, the environment, and our nation's energy security. I'll continue working with energy interests in Minnesota to protect our nation's commitment to renewable energy programs well into the future.

Ethanol and MTBE:

Earlier this year, I joined several of my Senate colleagues in writing to President Clinton regarding the current controversy over the use of Methyl-Tertiary-



*Senator Grams meets with
Minnesota Utility Contractors Association.*

Butyl-Ether (MTBE) in the Reformulated Gasoline Program (RFG). Because of environmental concerns with MTBE, some in Congress are calling for the elimination of the oxygen standard in the RFG. That's why I asked President Clinton to maintain the oxygen standard and to look to ethanol to fill the void. I've also signed on to legislation that would phase out the use of MTBE over three years while retaining the oxygen standard and its environmental benefits. Finally, I recently met with Agriculture Secretary Dan Glickman and EPA Administrator Carol Browner to personally ask them to leave the oxygen requirement in place and to let ethanol take the place of MTBE. I believe the RFG program has been very successful in reducing pollution in our nation's most polluted areas. In the cases of Chicago and Milwaukee, ethanol has been a key to that success. I can't imagine a scenario that would merit revoking ethanol's benefits in those areas, and I will continue to push to make sure we not only maintain ethanol markets, but grow them for the future. I look forward to ensuring that Minnesota's commitment to ethanol is protected in the coming months and years.

Low Income Home Energy Assistance Program (LIHEAP):

I have been proud to be a strong supporter of LIHEAP funding because of its importance to low-income families and senior citizens on a fixed income. I joined a number of my colleagues in urging the release of emergency LIHEAP funds this past winter – a request that was eventually granted. I have also urged my colleagues in Congress to provide additional reserve funding because of the likelihood of extreme heat this summer, including an additional \$600 million to meet the needs of low-income families and senior citizens during the coming summer months. I'm glad the Senate Appropriations Committee has approved our request for these funds and remain hopeful they will be passed into law very soon. I know how important this program is to many Minnesotans and I look forward to supporting it again in the future.

High Gasoline and Diesel Prices:

When farmers in Minnesota are impacted by high fuel costs, it has an impact on businesses, families and individuals far removed from the fields of our family farms. Because Minnesota is a large state and so heavily reliant upon agriculture, it is also reliant upon truckers to move products to market and to bring products to communities. It's also important to note that Minnesota is well known as one of our nation's coldest states – a state

where many residents rely on fuel oil to heat their homes. These realities are just a few examples of why crude oil prices and supplies are so important to the people of our state. In the late 1970s, our nation responded to the energy crisis by creating the DOE and charging it with developing a stable energy policy that decreased our reliance on foreign sources of energy. At that time, our nation was reliant on foreign oil for about 35% of our needs. Despite investing billions of taxpayer dollars in the DOE over the past two decades, our nation is now roughly 60% reliant on foreign energy sources and that reliance is growing rapidly. I remain committed to working with my colleagues in the Senate in pursuing initiatives that will reduce our reliance on foreign oil, in part, by encouraging the use of domestically produced alternative forms of energy and exploring new opportunities for domestic oil and gas production.

Senator Grams' Other Priorities

Social Security: Protecting America's Investment In The Future



Saving Social Security, preserving its integrity, and ensuring security in retirement for today's senior citizens and tomorrow's retirees is a critical concern of Minnesotans. To offer every individual the opportunity to achieve wealth – and the security it affords – in their retirement years, Congress must work proactively and plan creatively. The experts agree that Social Security is a fiscal time bomb that cannot survive as we know it once the Baby Boom generation begins to retire. The biggest risk is to do nothing at all.

While politicians routinely talk about “saving Social Security,” the 106th Congress is taking action. At the beginning of this year, I introduced the **Grams' Lockbox (S. 1693)**, legislation that prevents Washington from spending the Social Security surplus by locking in those dollars for their intended use: security for retirees. The **Grams' lockbox** triggers an automatic reduction in government spending, including the pay of Members of Congress, if any of the Social Security surplus is spent, returning it to the Social Security Trust Fund. As a member of the Senate Budget Committee, I offered my proposal as an amendment to the annual budget, and the **Grams' lockbox** was approved by both the Senate and the House of Representatives in April.

This was but a first step toward saving Social Security. Some in Washington propose increasing taxes, cutting benefits or boosting the retirement age so Social Security

can limp into the future. But retirees deserve more than just another federal program after a lifetime of work — they should have financial security in their non-working years. That is why I introduced the **Personal Security and Wealth in Retirement Act (S. 1103)**. My legislation offers Americans the option of participating in personal retirement accounts, while guaranteeing minimum retirement benefits. I have outlined this proposal in more than 50 town hall meetings held across Minnesota in the past year, and the response from every age group, in every community, has been extremely enthusiastic. For more information about my efforts to ensure retirement security for all Americans, please visit my special "Social Security: America's Investment in the Future" web page at: <http://www.senate.gov/~grams/>. You may also be interested in attending an event where I will be appearing with Jose Pinera, Chile's former Secretary of Labor and Social Security, who was the architect of that country's successful privatization of its pension system, July 6, at the Minneapolis-St. Paul Airport Hilton at 6:30 pm.

Tax Relief: Returning Power (And Dollars) to the People



I have made cutting taxes for Minnesota's overtaxed families my top priority in the U.S. Senate, and was the driving force behind enactment of the **\$500 per-child tax credit**. This measure took full effect this past year and has resulted in the largest tax relief effort since the Reagan Administration's tax cuts in 1982. More importantly, the \$500 per child tax credit is putting \$22 billion back into the pockets of American families each year — \$500 million for Minnesota families alone. Thanks to the \$500 per-child tax credit and several minor tax initiatives enacted over the past five years, Congress has successfully lowered the overall tax burden for many families.

But taxes are still far too burdensome. I worked hard to return some of the tax overcharges to the taxpayers in this year's budget. This tax relief would total \$150 billion over five years. It calls for relief from the marriage penalty tax, a tax incentive for affordable education, health care tax relief, small business tax relief, and repeal of the Clinton/Gore fuel taxes. We will not know until later this year, during final negotiations between Congress and the Administration, how successful our efforts will be to cut taxes for working Americans. ***Your participation in this debate could mean success or failure. If you agree with me that Congress should pass tax relief for hard-working middle-class taxpayers, write,***

email, or call your Congressional representatives and the President today!

The tax code itself is unfair, too complicated and unfriendly to the taxpayer. Ultimately, cutting taxes will not fix the enormous problems inherent in our tax system. To restore fairness, we must rip out the entire tax code and replace it with something fair, friendly, and easy to understand. Minnesotans should never have to face another April 15 again, with all its forms, fears, and frustrations. I will continue to pursue this goal.

Education: Freedom, Flexibility, and a Local Focus Needed



The best education is a local education, taught by caring teachers, supported by involved parents, and nurtured by local school districts with the flexibility to meet local needs. Washington needs to understand that a student's best friend is a book

or an Internet connection, not a federal bureaucrat.

The **Education Flexibility Partnership Act (S. 280)** is an example of returning educational choices to the local level. The bill, passed by both the House and Senate and signed into law, extends into every state the power of the "Education Flexibility Partnership Demonstration Program," otherwise known as "Ed-Flex." Ed-Flex allows eligible local school districts to forgo the federal red tape that consumes so many precious education dollars. Moreover, the best way to help teachers teach is to give them the freedom, flexibility, and resources to get their job done without undue interference and federal strings.

One of my major concerns whenever Congress takes up the education debate is making sure that Minnesota taxpayers get their money's worth. Too much of Minnesotans' education tax dollars are consumed by federal administrative requirements. In fact, Minnesotans lose over \$60 million yearly because of unfavorable distribution formulas. Consequently, among amendments to the **Elementary and Secondary Education Act** that I have proposed or cosponsored is one that would help address this imbalance and provide Minnesota a better return on the federal tax dollars we commit to the Washington bureaucracy.

Parents and teachers, not Washington bureaucrats, have the greatest stake in the education of Minnesota children, and we must make sure they are not stifled by one-size-fits-all federal mandates. I will continue working to keep more of your tax dollars in the classrooms and keep education decisions at home.

Agriculture: Preserving Our Rural Heritage, Promoting Economic Opportunities



As someone who grew up on a dairy farm, I understand the concerns of Minnesota farmers. I have met on countless occasions with farmers, rural lenders, and small business owners to discuss issues important to agriculture and the rural economy. I have taken suggestions from these meetings and drafted legislation – encompassed within my Farm and Town Empowerment Plan – that promotes the economic opportunities our farmers and rural communities deserve.

The best way to help our farmers is to get Washington out of their way, while preserving a safety net for the inevitable tough times. That safety net was strengthened with the recent enactment of crop insurance reform. This legislation, modeled after my Crop Insurance Reform Act, is a vital and long-overdue tool in helping farmers through difficult periods of crop failures and managing their risk in periods of low prices. This legislation also contained \$7.1 billion in emergency aid to producers. In addition, I was able to convince Congress to include emergency aid to dairy farmers, which will be part of the annual agriculture spending bill.

As Congress begins to work on a new farm bill, antiquated and outdated policies must be removed from the books. For example, I have introduced legislation that would reform federal dairy policies that prevent Minnesota dairy farmers from receiving a fair price. We should dispense with dairy compacts that hurt farmers and consumers alike, and inject fairness back into the federal milk marketing orders. Other steps that need to be taken include:

- extending marketing assistance loans,
- flexibility in “locking in” Loan Deficiency Payments,
- reducing taxes and regulatory burdens on farmers,
- expanding markets abroad, and
- addressing concerns regarding concentration in agriculture, and
- allowing farmers the option of placing land into shorter-term easements as part of the Conservation Reserve Program.

I will keep pressing Congress in the months ahead to give farmers the tools they need to compete fairly with producers from across the country and around the globe, regardless of geographic region or commodity.

CONTACTING ROD GRAMS



Your input is vital to the success of these and other initiatives Congress may consider, and, as always, I encourage you to contact me with your comments and suggestions.

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